

BANK INDONESIA REGULATION
NUMBER 10/13/PBI/2008
CONCERNING
GOVERNMENT SECURITIES AUCTION AND ADMINISTRATION
WITH THE BLESSING OF THE ONE GOD
THE GOVERNOR OF BANK INDONESIA,

Considering : a. whereas in the issuance of Government Securities, comprising Government Bond and Government Sharia Securities, the Government may designate Bank Indonesia as the agent of Government Securities auction in the primary market;

b. whereas Bank Indonesia assumes tasks as the administration agent and payment agent for Government Sharia Securities and administrator of Government Bond;

c. whereas pursuant to the consideration as referred to in letter a and letter b, it is deemed necessary to enact Bank Indonesia Regulation concerning Government Securities Auction and Administration.

In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia

Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

3. Act Number 24 of 2002 concerning Government Bond (State Gazette of the Republic of Indonesia Number 110 of 2002, Supplement to the State Gazette of the Republic of Indonesia Number 4236);
4. Act Number 19 of 2008 concerning Government Sharia Securities (State Gazette of the Republic of Indonesia Number 70 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4852).
5. Act Number 21 of 2008 concerning Sharia Banking (State Gazette of the Republic of Indonesia Number 94 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4867).

HAS DECREED :

To enact : BANK INDONESIA REGULATION CONCERNING
GOVERNMENT SECURITIES AUCTION AND
ADMINISTRATION

CHAPTER I

GENERAL PROVISIONS

Article 1

Terminologies used in this Bank Indonesia Regulation are defined as follows.

1. Government Securities, hereinafter to be referred to as SBN, is Government Bond and Government Sharia Securities.

2. Government ...

2. Government Bond, hereinafter to be referred to as SUN, is a securities in the form of promissory note in the rupiah which interest and principal are guaranteed by the State of the Republic of Indonesia, in accordance with its term.
3. Government Sharia Securities, hereinafter to be referred to as SBSN, or may be called as Government Sukuk, is a government securities denominated in the rupiah issued under sharia principles as an evidence of placement of SBSN assets
4. Bank is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 and Sharia Commercial Bank as referred to in Act Number 21 of 2008 concerning Sharia Banking.
5. Primary Market is an offering and selling for SBN issuance.
6. Secondary Market is a trading of SBN which has been sold in the Primary Market.
7. SBN Auction Participants are parties eligible to participate in SBN auction in accordance with applicable provisions.
8. Competitive Bidding is a bidding by stating volume and yield or price.
9. Non-competitive Bidding is a bidding by stating volume without yield or price.
10. Bank Indonesia - Scripless Securities Settlement System, hereinafter to be referred to as BI-SSSS, is a system that provides transaction facilities with Bank Indonesia including its administration and electronic securities administration, seamlessly interconnected among Participants, the Operator and the BI-RTGS System.
11. Sub-Registry is a Bank or an institution conducting custodial activities which is eligible and approved by Bank Indonesia to perform functions in the administration of securities registered in BI-SSSSon behalf of its customers.
12. Delivery Versus Payment, hereinafter to be referred to as DVP, is a SBN

transaction ...

transaction settlement by securities settlement through the BI-SSSS and fund settlement simultaneously in Bank Indonesia through the BI-RTGS System.

13. Free of Payment, hereinafter to be referred to as FoP, is a SBN transaction settlement by securities settlement through the BI-SSSS, while fund settlement is not conducted simultaneously with securities settlement or with no fund settlement
14. Minister is the Minister of Finance of the Republic of Indonesia.

CHAPTER II

BANK INDONESIA FUNCTIONS IN GOVERNMENT SECURITIES AUCTION AND ADMINISTRATION

Article 2

To assist the Government in the management of SBN, Bank Indonesia shall :

- a. give suggestion on SBN issuance including the drafting of provisions and requirements of SBN issuance;
- b. act as the auction agent in SBN issuance in the Primary Market; and
- c. administer SBN.

CHAPTER III

GOVERNMENT SECURITIES FORMS AND TYPES

Article 3

The SBN administered by Bank Indonesia as referred to in Article 2 letter c shall be in the forms and types as regulated in applicable laws concerning SUN and SBSN.

CHAPTER IV

GOVERNMENT SECURITIES AUCTION IN PRIMARY MARKET

Article 4

Bank Indonesia shall conduct SBN auction in Primary Market based on a notification from the Minister.

Article 5...

Article 5

- (1) In the implementation of function as the auction agent as referred to in Article 2 letter b, Bank Indonesia for and on behalf of the Government shall perform, among other things, as follows.
 - a. to announce SBN auction plan;
 - b. to conduct SBN auction;
 - c. to submit SBN auction bidding results to the Minister; and
 - d. to announce decision of SBN auction results.
- (2) Bank Indonesia shall conduct SBN auction by BI-SSSS or other facilities stipulated by Bank Indonesia.

Article 6

SBN Auction Participant in Primary Market may submit Competitive Bidding and/or Non-competitive Bidding in accordance with applicable provisions stipulated by the Minister.

CHAPTER V

GOVERNMENT SECURITIES ADMINISTRATION

Article 7

- (1) Bank Indonesia shall administer SBN as referred to in Article 2 letter c including :
 - a. registration of ownership, clearing, and settlement of SBN; and
 - b. agent of payment of interest (coupon)/yield and principal/nominal value of SBN.
- (2) Bank Indonesia shall conduct SBN administration on SBN issuance transactions in Primary Market and SBN transactions in Secondary Market.
- (3) Bank Indonesia shall conduct SBN administration by BI-SSSS in accordance with applicable Bank Indonesia provisions.

Article 8

In the administration of SBN Bank Indonesia may designate or cooperate with other parties.

Article 9 ...

Article 9

- (1) SBN ownership shall be registered by book entry.
- (2) SBN ownership register in BI-SSSS shall constitute a legal evidence of ownership.

Article 10

- (1) Bank Indonesia shall conduct settlement of SBN issuance transactions in Primary Market either through auction or non-auction.
- (2) Bank Indonesia shall conduct SBN transaction settlement in Secondary Market including :
 - a. settlement of SBN transactions among market participants and the Government either through auction or non-auction; and
 - b. settlement of SBN transactions among market participants.
- (3) The SBN settlement of SBN issuance transactions in Primary Market either through auction or non-auction as referred to in paragraph (1) and the settlement of SBN transactions by the Government as referred to in paragraph (2) letter a shall be conducted on settlement date as stipulated by the Minister.
- (4) The SBN settlement of SBN transactions among market participants as referred to in paragraph (2) letter b shall be conducted in accordance with settlement data agreed by market participants in transaction.

Article 11

- (1) SBN transaction settlement either in Primary Market or in Secondary Market shall be conducted by DVP or FoP principle.
- (2) The SBN transaction settlement by DVP shall be conducted under gross to gross or gross to net settlement system.
- (3) The SBN settlement by FoP in Primary Market and Secondary Market may be conducted in :
 - a. transfer by SBN owner with a same identity;
 - b. transfer of SBN ownership in purpose of grant, inheritance, liability

settlement ...

settlement, exchange, transfer due to sentence of the court, and borrowing and lending;

- c. other transactions as long as they have obtained approval from authorized institutions.

Article 12

In the SBN settlement as referred to in Article 10 paragraph (1) and Article 10 paragraph (2), Bank Indonesia has the authority to :

- a. debit rupiah demand deposit account of Bank with Bank Indonesia for and on its own behalf and debit rupiah demand deposit account of paying Bank with Bank Indonesia for and on behalf of other parties; and
- b. debit SBN account of the Government, Bank for and on its own behalf and Sub-Registry for and on behalf of other parties with BI-SSSS.

Article 13

- (1) Bank for and on its own behalf and paying Bank for and on behalf of other parties are required to provide adequate fund in rupiah demand deposit account with Bank Indonesia for SBN transaction settlements conducted by participants in Primary Market and Secondary Market.
- (2) In the event of any failure in the provision of adequate fund in the rupiah demand deposit account as referred to in paragraph (1) to settle the whole or part of liability up to the end of fund settlement time limit, the whole SBN auction results which settlement is conducted through the Bank shall be declared failed.
- (3) Bank Indonesia shall submit a notification letter to the Minister concerning the failed settlement as referred to in paragraph (2).

Article 14

- (1) Bank for and on its own behalf and the Sub-Registry for and on behalf of other parties are required to provide adequate SBN in securities account with Bank Indonesia for SBN transaction settlements conducted by SBN transaction participants in Secondary Market.

(2) In the ...

- (2) In the event of any failure in the provision of adequate SBN in the securities account as referred to in paragraph (1) to fulfill the whole or part of liabilities up to the end of securities settlement time limit, the transaction shall be declared failed.
- (3) Bank Indonesia shall submit a notification letter to the Minister concerning the failed settlement as referred to in paragraph (2).

Article 15

On the failed SBN transactions which have been notified to the Minister as referred to in Article 13 paragraph (3) and/or Article 14 paragraph (3), Bank Indonesia shall take further actions in accordance with request or notification from the Minister.

Article 16

- (1) Bank Indonesia shall pay interest (coupon)/yield and/or redemption of principal/nominal value of SBN on maturity at the expense of the Government.
- (2) By request of the Government, Bank Indonesia shall conduct redemption on SBN principal/nominal value prior to the maturity date at the expense of the Government.
- (3) Bank Indonesia shall pay :
 - a. interest (coupon)/yield;
 - b. SBN principal/nominal value on maturity date; and/or
 - c. SBN principal/nominal value before maturity date;
 as long as there is adequate fund in the rupiah demand deposit account of the Government with Bank Indonesia.
- (4) The interest (coupon)/yield and/or redemption of principal/nominal value of SBN shall be paid by Bank Indonesia based on SBN ownership position as registered in BI-SSSS.
- (5) In the payment of interest (coupon)/yield and/or redemption of principal/nominal value of SBN, Bank Indonesia is authorized to :
 - a. debit rupiah demand deposit account of the Government with Bank

Indonesia for the payment of interest (coupon)/yield and redemption of principal/nominal value of SBN; and

- b. debit securities account of SBN owner with BI-SSSS on SBN declared fully paid by the Government.

CHAPTER VI

CHARGES

Article 17

- (1) Bank Indonesia shall impose charge on:
 - a. SBN auction on SBN Auction Participant; and
 - b. SBN administration on owner of SBN account with Bank Indonesia.
- (2) The charges as referred to in paragraph (1) shall refer to applicable provisions concerning the BI-SSSS.

CHAPTER VII

REPORTING OF GOVERNMENT SECURITIES ADMINISTRATION

Article 18

Bank Indonesia shall submit report of SBN administration periodically to the Minister.

CHAPTER VIII

CONCLUDING PROVISIONS

Article 19

Implementation provisions of this Bank Indonesia Regulation shall be further stipulated in Bank Indonesia Circular Letter.

Article 20

- (1) By the enactment of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 9/3/PBI/2007 concerning Government Bond Auction and Administration shall be revoked and no longer valid.

(2) When ...

- (2) When this Bank Indonesia Regulation comes into effect, implementation provisions of Bank Indonesia Regulation Number 9/3/PBI/2007 concerning Government Bond Auction and Administration, as long as not amended and not in contrary with this Bank Indonesia Regulation, shall be declared persistently valid.

Article 21

This Bank Indonesia Regulation shall come into force on the date of its enactment.

For the public to be informed, it is ordered that this Bank Indonesia Regulation be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

On August 21, 2008

THE GOVERNOR OF BANK INDONESIA,

BOEDIONO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 123 OF
2008

ELUCIDATION ...

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER 10/13/PBI/2008
CONCERNING
GOVERNMENT SECURITIES AUCTION AND ADMINISTRATION

GENERAL REVIEW

In the efforts to finance the State Budget, including the financing of development projects, the covering of short-term cash shortage due to imbalances of cash inflows and outflows in the State Treasury Account in a fiscal year, and/or the management of government debt portfolio, the Government has issued SBN domestically. Referring to the SBN issuance, pursuant to Act Number 24 of 2002 concerning Government Bond and Act Number 19 of 2008 concerning Government Sharia Securities, the Government may designate Bank Indonesia as the auction agent which shall conduct SBN selling in Primary Market, the SBSN administrator and payment agent, and the SUN administrator covering ownership registration, clearing and settlement, and payment agent of interest (coupon)/yield and principal/nominal value of SBN.

For efficiency and effectiveness in the implementation of Bank Indonesia task relating to the SBN auction in Primary Market and SBN administration, Bank Indonesia utilizes BI-SSSS.

ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2 ...

Article 2

Letter a

The suggestions here are aimed at evaluating the monetary implication of SBN issuance to attain a harmony between fiscal policy, including debt management, and monetary policy.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Article 3

Self-explanatory.

Article 4

Self-explanatory.

Article 5

Paragraph (1)

Self-explanatory.

Paragraph (2)

If utilizing facilities other than BI-SSSS, Bank Indonesia will inform the Minister and auction participants in advance.

Article 6

Self-explanatory.

Article 7

Paragraph (1)

Letter a

SBN settlement comprises securities settlement and/or fund settlement.

Letter b

Self-explanatory.

Paragraph (2)

Self-explanatory ...

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 8

Appointment of other parties in the efforts to perform the function as the SBN administration agent is based on the request of the Minister.

Cooperation with other parties shall be conducted in effort, among other things, of SBN administration through BI-SSSS.

Article 9

Paragraph (1)

Book entry is a securities ownership registration and transfer without paper (scripless) in an electronic journal.

Paragraph (2)

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Settlement of SBN transactions with the Government includes settlement of SBN buyback auction results in Secondary Market, SBN Borrowing Facility transactions for Primary Dealer, and other transactions in accordance with provisions of the Minister.

Letter b

SBN transaction settlement among market participants shall include but not limited to settlement of outright transaction, selling buying by repo and reverse repo, securities borrowing

and lending ...

and lending, and pledge.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 11

Paragraph (1)

Self-explanatory.

Paragraph (2)

Gross to gross settlement is a SBN settlement where securities settlement and fund settlement are conducted trade by trade.

Gross to net settlement is a SBN settlement where securities settlement is conducted trade by trade, while fund settlement by netting system.

Paragraph (3)

Self-explanatory.

Article 12

Paying Bank shall be designated by SBN transaction participant which does not hold account with Bank Indonesia for fund settlement.

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory ...

Self-explanatory.

Paragraph (3)

Fund adequacy in rupiah demand deposit account of the Government with Bank Indonesia shall constitute a unity of fund to be provided by the Government for the payment of interest (coupon)/yield and/or redemption of principal/nominal value of SBN and fund to be provided by the Government for other liabilities.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 17

Paragraph (1)

Letter a

SBN auction charge is a transaction charge to be imposed on SBN Auction Participant participating in SBN auction.

Letter b

SBN administration charge consists, among other things, of SBN transaction charge and settlement charge and charge for request any information relating to SBN.

Paragraph (2)

Self-explanatory.

Article 18

The report contains, among other things, amount of issued SBN, SBN ownership position, paid interest (coupon)/yield and/or principal/nominal value, and data of SBN trading transactions.

Article 19 ...

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF
INDONESIA NUMBER 4888

DPM